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E-filed on August 1, 2007

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Counsel for Compass Financial Partners LLC

9
 10 **UNITED STATES BANKRUPTCY COURT**
 11 **DISTRICT OF NEVADA**

12	In re: USA COMMERCIAL MORTGAGE COMPANY, Debtor.	Case No. BK-S-06-10725 LBR Case No. BK-S-06-10726 LBR Case No. BK-S-06-10727 LBR Case No. BK-S-06-10728 LBR Case No. BK-S-06-10729 LBR
13	In re: USA CAPITAL REALTY ADVISORS, LLC, Debtor.	Chapter 11
14	In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, Debtor.	Jointly Administered Under Case No. BK-S-06-10725 LBR
15	In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, Debtor.	NOTICE OF ENTRY OF SUPPLEMENTAL ORDER RE: EMERGENCY MOTION OF COMPASS FINANCIAL PARTNERS LLC FOR ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 1141 ENFORCING CONFIRMATION ORDER AND FOR CIVIL CONTEMPT SANCTIONS
16	In re: USA SECURITIES, LLC, Debtor.	Date: June 20, 2007 Time: 10:30 a.m.
17	Affects: <input type="checkbox"/> All Debtors <input checked="" type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC <input type="checkbox"/> USA First Trust Deed Fund, LLC	

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1 PLEASE TAKE NOTICE that a Supplemental Order Re: Emergency Motion of
2 Compass Financial Partners LLC for Order Pursuant to 11 U.S.C. §§ 105 and 1141 Enforcing
3 Confirmation Order and for Civil Contempt Sanctions (the "Order") was entered on the Court's
4 docket on August 1, 2007. A copy of the Order is attached hereto.

5 Dated this 1st day of August 2007.

6 MILBANK, TWEED, HADLEY & McCLOY, LLP
7 -and-
8 BULLIVANT HOUSER BAILEY, PC

9 By: /s/ Georganne W. Bradley
10 Georganne W. Bradley, Esq.
11 3883 Howard Hughes Pkwy., Ste. 550
12 Las Vegas, Nevada 89169
13 *Attorneys for Compass Financial Partners, LLC*

Bullivant|Houser|Bailey PC

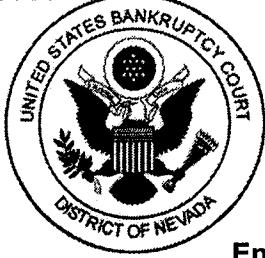
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Doc #: 4402

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Entered on Docket
August 01, 2007

A handwritten signature in black ink, appearing to read "Linda B. Riegle".

Hon. Linda B. Riegle
United States Bankruptcy Judge

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 7 Tyson M. Lomazow
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10 Counsel for Compass Financial Partners LLC

11
UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA12 In re:
13 USA COMMERCIAL MORTGAGE COMPANY,
14 Debtor.Case No. BK-S-06-10725 LBR
Case No. BK-S-06-10726 LBR
Case No. BK-S-06-10727 LBR
Case No. BK-S-06-10728 LBR
Case No. BK-S-06-10729 LBR15 In re:
16 USA CAPITAL REALTY ADVISORS, LLC,
17 Debtor.Chapter 11
Jointly Administered Under
Case No. BK-S-06-10725 LBR18 In re:
19 USA CAPITAL DIVERSIFIED TRUST DEED
FUND, LLC,
20 Debtor.SUPPLEMENTAL ORDER RE:
EMERGENCY MOTION OF COMPASS
FINANCIAL PARTNERS LLC FOR
ORDER PURSUANT TO 11 U.S.C. §§
105 AND 1141 ENFORCING
CONFIRMATION ORDER AND FOR
CIVIL CONTEMPT SANCTIONS21 In re:
22 USA CAPITAL FIRST TRUST DEED FUND,
23 LLC,
24 Debtor.Date: June 20, 2007
Time: 10:30 p.m.25 Affects:
26 All Debtors
 USA Commercial Mortgage Company
 USA Securities, LLC
 USA Capital Realty Advisors, LLC
 USA Capital Diversified Trust Deed Fund,
 LLC
 USA First Trust Deed Fund, LLC27
28 On June 20, 2007, this Court (the "Court") conducted a continued hearing to determine
whether it had subject matter jurisdiction to consider the Motion of Compass Financial Partners
LLC and Compass USA SPE LLC (together, "Compass") for Order Pursuant to 11 U.S.C. §§Bullivant|Houser|Bailey PC
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1 105 and 1141 Enforcing Confirmation Order and for Civil Contempt Sanctions (the “Motion”),
 2 which was filed by Compass on May 25, 2007, and the Complaint for Declaratory Relief and
 3 Damages filed on May 21, 2007 in the United States District Court for the District of Nevada
 4 entitled *3685 San Fernando Lenders, LLC, et al. vs. Compass USA SPE, LLC, et al.*, Case No.
 5 07-CV-0224-ECR-VAC (the “Complaint”), which was removed by Compass to, and is currently
 6 pending before, this Court in Adv. Proc. No. 07-01076 (the “Adversary Proceeding”).
 7 Appearances of counsel were noted on the record at the hearing. Capitalized terms not
 8 otherwise defined herein shall have the meanings ascribed to them in the Motion.

9 The Court having heard oral argument of counsel and other interested persons, having
 10 read and considered all pleadings and papers filed in support of and in opposition to the Motion,
 11 and having read and considered all statements made, and all pleadings and papers on file herein,
 12 that are, in the opinion of this Court, relevant to the issues currently before the Court, and
 13 having entered a Recommendation For Withdrawal of the Reference as it applies to the Motion
 14 and the Adversary Proceeding, and it appearing that interim relief is required so that borrowers
 15 will not use the dispute between Compass and the plaintiffs in the above-referenced Complaint
 16 and their respective assignors (collectively, the “Plaintiff Lenders”) as an excuse not to remit
 17 payments and so that funds collected can be distributed to all Direct Lenders, especially those
 18 not involved in this dispute, but it further appearing that the rights of the Plaintiff Lenders must
 19 be preserved such that if a Plaintiff Lender or Plaintiff Lenders validly have terminated
 20 Compass, such Plaintiff Lender or Plaintiff Lenders will be in a position to take further action in
 21 accordance with their contractual rights and otherwise applicable law; and for good cause
 22 appearing,

23 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Court has subject
 24 matter jurisdiction over the Motion and the Adversary Proceeding, but finds that withdrawal of
 25 the reference is appropriate in this case, for the reasons stated in this Court’s memorandum
 26 decision dated July 2, 2007, and as stated in this Court’s Order Recommending Withdrawal of
 27 the Reference; and

28

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1 IT IS FURTHER ORDERED that jurisdiction shall remain with this Court to consider
2 the Motion and the Adversary Proceeding unless and until the United States District Court for
3 the District of Nevada (the "District Court") orders that the reference be withdrawn in whole or
4 in part and all matters regarding whether the reference shall be withdrawn shall proceed in the
5 District Court; provided, however, that notwithstanding the above, the Court shall retain
6 jurisdiction as set forth below until further order of the Court or the District Court; and

7 IT IS FURTHER ORDERED that, pending further order of the Court, the status quo as
8 of May 15, 2007 is and shall be preserved such that Compass shall be and remain the loan
9 servicer with respect to all loans for which it acquired servicing rights pursuant to that certain
10 Asset Purchase Agreement dated December 8, 2006, approved by Order of this Court entered
11 January 8, 2007 (each a "Loan," and collectively, the "Loans"); and

12 IT IS FURTHER ORDERED that pending further order of the Court, no Direct Lender
13 shall initiate contact with the borrower in any Loan which (i) undermines Compass' exclusive
14 authority to act on behalf of the Direct Lenders as loan servicer, or (ii) purports that an entity
15 other than Compass is authorized to negotiate with the borrower on behalf of the Direct Lenders
16 in such Loan; and

17 IT IS FURTHER ORDERED that within three (3) business days of the date of entry of
18 this Order, the Law Offices of Alan R. Smith shall cause the Plaintiff Lenders to mail
19 correspondence (previously reviewed and approved by Compass) to the borrower on each Loan
20 for which the Plaintiff Lenders attempted to terminate Compass as servicer on May 18, 2007,
21 enclosing a copy of this Order, and providing that (i) the Plaintiff Lenders' May 18, 2007
22 correspondence to each such borrower was ineffectual, (ii) Compass remains the exclusive
23 entity authorized to act on behalf of the Direct Lenders in such Loan, and (iii) all payments on
24 the Loan should continue to be made directly to Compass, pending further order of the Court;
25 and

26 IT IS FURTHER ORDERED that, pending further order of the Court, all amounts due
27 and owing under or in connection with the Loans (the "Payments") shall continue to be paid
28 directly to Compass and that all Direct Lenders shall be enjoined, prevented and restrained from

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1 any communication with borrowers that would otherwise direct the borrowers to make
 2 payments to an individual or entity other than Compass; and

3 IT IS FURTHER ORDERED that, pending further order of the Court, Compass shall be
 4 entitled to deduct and retain from Payments received the amount of its accrued and unpaid
 5 servicing fees then due to Compass, provided, however, that any amounts relating to default
 6 interest, late charges, or non-servicing fees shall be held in the Direct Lender remittance account
 7 established and maintained by Compass, and provided, further, that notwithstanding the above,
 8 in the event Compass receives Payments from a borrower in respect of a Loan (i) in which
 9 Compass holds one hundred percent (100%) of the beneficial interests of record, or (ii) which
 10 satisfy in full all current obligations due and owing under the governing loan documents
 11 (including default interest, late charges, and non-servicing fees), then Compass shall be
 12 permitted to deduct and retain from such Payments received any amounts relating to default
 13 interest, late charges, and non-servicing fees; and

14 IT IS FURTHER ORDERED that in the event the Plaintiff Lenders hold one hundred
 15 percent (100%) of the beneficial interests of record in a Loan, they shall have the right to direct
 16 Compass not to take any further action to pursue recovery from borrowers of outstanding
 17 amounts due with respect to such Loan; provided, however, that Compass shall remain loan
 18 servicer of such Loan, pending further order of the Court; and

19 IT IS FURTHER ORDERED that pending further order of the Court, effective May 15,
 20 2007, all Direct Lenders shall be enjoined, prevented and restrained from terminating Compass,
 21 or effectuating any change or replacement of Compass as their loan servicer; and

22 IT IS FURTHER ORDERED that pending further order of the Court, Direct Lenders
 23 shall be enjoined, prevented and restrained from sending out any notice to Compass, or to any
 24 third-party borrowers on loans made by the Direct Lenders, purporting to terminate or replace
 25 Compass as their loan servicer; and

26 IT IS FURTHER ORDERED that this Court shall hold a status conference with respect
 27 to the Motion and the Adversary Proceeding on August 17, 2007 at 10:30 a.m.; and

28

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1 IT IS FURTHER ORDERED that prior to August 17, 2007, Compass shall not complete
 2 a foreclosure sale of any real property collateral for any Loan (the "Collateral") absent further
 3 order of the Court or the approval of the holders of fifty-one-percent (51%) or more of the
 4 beneficial interests of record in the particular Loan; provided that (i) Compass remains
 5 authorized to continue to initiate and pursue foreclosure sales with respect to Collateral up until
 6 the point of completing such sales, and (ii) subject to this Court's calendar, Compass shall be
 7 permitted to schedule a hearing with respect to a request for Court approval to complete a
 8 foreclosure sale upon at least seven (7) days notice to the Law Offices of Alan R. Smith.

9 IT IS FURTHER ORDERED that the Court shall deem and treat the Motion as an
 10 adversary proceeding to permit the parties to commence discovery on the issues raised in the
 11 Motion in compliance with a discovery plan approved by this Court, and that the rules set forth
 12 in Rule 9014(c) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"),
 13 including all provisions of Bankruptcy Rule 7026, are applicable to the matters raised by the
 14 Motion; provided that, notwithstanding Rule 7026 of the Local Rules of Bankruptcy Procedure,
 15 the parties shall meet and confer within five (5) days and shall submit a discovery plan within
 16 seven (7) days of the date this Order is entered.

18 Submitted by: 19 MILBANK, TWEED, HADLEY & McCLOY, 20 LLP 21 -and- 22 BULLIVANT Houser Bailey PC 23 By: _____ 24 <i>Attorneys for Compass Financial Partners</i>	18 Approved/Disapproved by: 19 LAW OFFICES OF ALAN R. SMITH 20 By: _____ 21 <i>Alan R. Smith, Esq.</i> 22 <i>Attorneys for Lenders Protection Group</i>
25 26 27 28	25 Approved/Disapproved by: 26 OFFICE OF THE U.S. TRUSTEE 27 By: _____ 28 <i>August B. Landis, Esq.</i>

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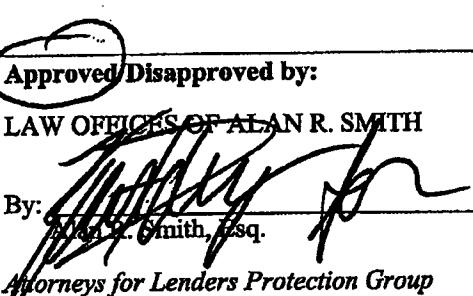
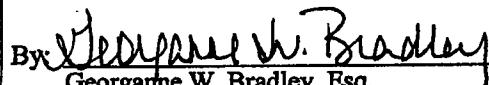
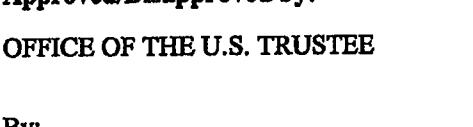
Case: 06-10725-lbr Doc #: 4402 Filed: 08/01/2007 Page: 6 of 8

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18 Submitted by:	Approved/Disapproved by:
19 MILBANK, TWEED, HADLEY & McCLOY, LLP -and- 20 BULLIVANT HOUSER BAILEY PC	LAW OFFICES OF ALAN R. SMITH By:  Alan R. Smith, Esq. Attorneys for Lenders Protection Group
22 By:  Georganne W. Bradley, Esq. 23 Attorneys for Compass Financial Partners	
25	Approved/Disapproved by: OFFICE OF THE U.S. TRUSTEE By:  August B. Landis, Esq.

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17

18	Submitted by:	Approved/Disapproved by:
19	MILBANK, TWEED, HADLEY & McCLOY, LLP -and- BULLIVANT HOUSER BAILEY PC	LAW OFFICES OF ALAN R. SMITH
21	By: <u>Georganne W. Bradley, Esq.</u>	By: <u>Alan R. Smith, Esq.</u>
22	<i>Attorneys for Compass Financial Partners</i>	<i>Attorneys for Lenders Protection Group</i>
24		Approved/Disapproved by:
25		OFFICE OF THE U.S. TRUSTEE
26		By: <u>August H. Landis, Esq.</u>
27		
28		

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1 In accordance with Local Rule 9021, the undersigned certifies:
2

3 _____ The court waived the requirements of LR 9021.
4

5 _____ No parties appeared or filed written objections, and there is no trustee
6 appointed in the case.
7

8 _____ I have delivered a copy of this proposed order to all counsel who
9 appeared at the hearing, any unrepresented parties who appeared at the hearing, and any
10 trustee appointed in this case, and each has approved or disapproved the order, or failed
11 to respond, as indicated below:
12

13 Alan R. Smith, Esq. :

14 Approved 7/31/07

15 Office of U.S. Trustee:

16 Approved 8/1/07

17 BULLIVANT HOUSER BAILEY P.C.
18

19 By: Georganne W. Bradley
20 Georganne W. Bradley, Esq.
21

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